

## **The complaint**

Miss S complains NewDay Ltd trading as John Lewis Partnership (NewDay) shouldn't have approved a credit card account for her.

## **What happened**

Miss S says NewDay approved a credit card account for her in November 2022 with a limit of £700 at a time when she was having issues with her finances, and if NewDay had conducted more thorough financial checks it would have seen that.

Miss S wants NewDay to refund all interest and charges on the account along with 8% simple interest and to remove any adverse entries from her credit file.

NewDay says it is a responsible lender and offers credit to those with perhaps a less than perfect credit record. NewDay says it offers small initial limits with the intention to increase these over time, subject to good account management, to assist customers in building their credit standing.

NewDay says it carried out a detailed assessment using information contained within Miss S's application, information from credit reference agencies (CRA's) and its own affordability assessment. Based on this data and the fact there were no defaults, CCJ's or active payday loans, NewDay were satisfied the new credit card borrowing of £700 was affordable.

Miss S wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there are no set list of checks lenders like NewDay must carry out, but these should be borrower focused. The investigator says from the information available NewDay carried out a reasonable amount of financial checks, using information provided in Miss S's application and data provided from external sources, including credit reference agencies (CRA's).

The investigator says these checks showed no defaults, CCJ's, payday loans, delinquent accounts or any evidence of payment arrangements in place. The investigator says Miss S's credit history showed she was managing her financial affairs successfully, with no obvious signs of financial stress or reliance on credit.

The investigator felt NewDay's affordability assessment showed Miss S's net disposable income was more than sufficient to meet the repayments required on this new credit card account. The investigator concluded NewDay had undertaken reasonable and proportionate checks before it approved the credit card account and its decision to lend was fair.

Miss S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

Miss S's complaint centres around her view that NewDay shouldn't have approved a credit card account for her in November 2022, as she was already fully committed financially and that would have been clear to NewDay at that time. Miss S also wanted NewDay to inform her of the interest rate and amount of interest paid on her account with them, but this information has since been provided by the investigator.

When looking at this complaint I will consider if NewDay carried out reasonable and proportionate checks before it approved a credit card account for Miss S.

While I understand the points Miss S makes about NewDay's decision to approve a credit card account with a £700 credit limit in November 2022, I'm not fully persuaded by her argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like NewDay must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell NewDay what those checks must consist of, or from what sources those checks should come from.

From the information I have seen, before the credit card limit was agreed NewDay carried out credit searches, an income and expenditure assessment and referenced information contained in Miss S's application, in which she declared she was employed earning circa £45,000 per annum. Based on what I have seen, there was no indication of external financial pressure nor any indication on her credit file of defaults or CCJ's. So, I'm satisfied before it provided what was a fairly modest credit card facility of £700, it carried out reasonable and proportionate checks.

I can see NewDay carried out its own affordability modelling which took into account Miss S's essential monthly expenditure, including existing financial commitments, and this left a net disposable monthly income of approximately £570. So with that in mind, I am satisfied there was sufficient here to comfortably meet this new credit card commitment.

It's reasonable to say I wouldn't expect in those circumstances for NewDay to undertake the same level of intensive financial due diligence one might expect to see for say a larger committed long term loan. So, I'm satisfied from the affordability modelling NewDay carried out, based on internal and external data sources, that was sufficient for it to conclude the new lending was affordable.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Miss S has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974.

However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Miss S will be disappointed with my decision, I won't be asking anymore of NewDay here.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 3 December 2025.

Barry White  
**Ombudsman**